
PowerTrack™

By

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Introduction

PowerTrack™ is an internet-based freight payment system that allows Department of Defense customers to process invoices electronically. U.S. Bank developed this system for online freight payment and transaction tracking. The Department of Defense adopted PowerTrack™ as its standard method to pay contracted carriers for the armed forces, National Guard, DLA, and TRANSCOM.

In the foreign military sales arena, NAVICP-OF introduced PowerTrack™ as another option for foreign military sales customers to return approved supply discrepancy report unclassified material. U.S. Bank installed the PowerTrack™ software on one of NAVICP-OF's dedicated computers. NAVICP-OF then selected Emery Worldwide as its prototype PowerTrack™ air carrier. Emery is transporting return material from Spain, South Korea, Japan, and Taiwan; several more countries are due online soon.

History

SAMM 80207.A.3 requires supply discrepancy reports be addressed as thoroughly and quickly as possible. However, the material return process has been cumbersome and left the customer uncertain about its status. The process may take several months before the material clears customs, gets transported, is inspected, and the customer's case is credited. As time passes, material, information, and customer confidence are lost.

The current material return system relies on disinterested parties. NAVSUP P-526 provides the foreign military sales customer two options for returning approved supply discrepancy report material: turn it in to the nearest U.S. government agency, or send it via third party carrier. Material turned in to U.S. government agencies lacks visibility and has no end-to-end ownership. This material may be delayed or lost. Customers who ship material via third party carriers are required to pay the carrier in advance. In order to get paid, the country or freight forwarder submits documentation to the International Logistics Control Organizations. The International Logistics Control Organizations then audit the documentation and submit it to DFAS-DE/I for payment. The process may take 180 days before the customer is reimbursed for the transportation.

The New Option PowerTrack™

Transportation Reengineering Management Reform Memorandum (MRM) #2 required the DoD to move to paper-free contract writing, administration, finance, and auditing process. MRM #2 complemented the department's ongoing initiatives for use of purchase cards, electronic catalogues, electronic commerce and imaging. Then, MRM #15 set goals to change transportation

documentation and payment processes, to apply commercial practices to government shipments, to use a bank to pay carriers, and to eliminate government-unique documents and data.

Contract administration officers have implemented these memorandums through the PowerTrack™ system. PowerTrack™ is a completely electronic payment tool that eliminates paper from the freight payment process by automatically paying carriers and electronically billing shippers. Auditing and record keeping are done electronically as well. PowerTrack™ enables asset visibility and shipment control by using one contract carrier for the door-to-door transportation.

Using PowerTrack™

PowerTrack™ simplifies the process for the customer. Several steps are involved:

- FMS customer sends an supply discrepancy report to NAVICP-OF (Code P764) requesting approval.
- If the Navy approves the supply discrepancy report, Code P764 generates three documents: specific shipping instructions, a DD Form 1348-1, and Certificate of U.S. Origin (a local form based on requirements in 19 CFR 10.103). Code P764 sends these documents electronically to the customer (who may be overseas or a security assistance foreign representative working at the NAVICP-OF office) and the PowerTrack™ carrier. The PowerTrack™ carrier forwards a copy of the 1348-1 and shipping instruction to its in-country point of contact. The carrier files the Certificate of U.S. Origin at the point of entry gateway (Spain ships via Emery Worldwide to JFK airport in New York) in order to expedite the material through customs. The 1348-1 must travel with the cargo to its final destination. The Certificate of U.S. Origin serves as import documentation.
- The customer calls the PowerTrack™ carrier for pick-up.
- The PowerTrack™ carrier transports the material to the point of entry gateway.
- The gateway receives the cargo, completes the Certificate of U.S. Origin form, and clears the material through customs.
- After the material is cleared, the PowerTrack™ carrier forwards it to its final destination and obtains proof of delivery.
- Code P764 reviews proof of delivery and the carrier's charges on-line. If correct, the section approves payment to the PowerTrack™ carrier and sends the information to U.S. Bank.
- U.S. Bank pays the PowerTrack™ carrier. U.S. Bank withholds 1 to 2 percent as its fee.
- U.S. Bank sends monthly statements to Code P764. Code P764 conducts a final review of charges and forwards approval along with supporting documentation (SF-1034: Public Voucher for Purchases and Services Other Than Personal) to DFAS-DEI. In accordance with MILSTAMP Volume 2, Chapter 11, *Transportation Account Code (TAC) PIII* and appropriation 9711X8242L0098401PIIIGBL843000 are used to pay the shipper for misdirected shipments or shipment for approved service deficiency reports. This appropriation is cited on the SF-1034.
- DFAS -DE/I approves the invoice and pays the U.S. Bank within five days.

Operational Advantages of PowerTrack™

- **Asset Visibility:** PowerTrack™ carriers offer door-to-door delivery regardless of size or weight. This saves time and improves material tracking capability. Shipments from Spain now average four to seven days depending on how long the material is delayed at customs. In addition, transportation via a single carrier means there will be proof of delivery. Material is picked up at the customer's facility and delivered to its final destination by the same carrier.
- Returns are done in days or weeks instead of months. Next-day delivery is also available. This saves a tremendous amount of time and credits or repairs occur significantly sooner.
- Customs clearance included.
- U.S. Bank guarantees fast and accurate payments to carriers. Carriers avoid costs associated with accounts receivable.
- Better communication for dispute resolution. PowerTrack™ offers full EDI compatibility and integrates with other logistics software. Customers and NAVICP-OF have instant access to shipping data. The system is available twenty-four hours a day, seven days a week. Customers and international logistics control organizations can track shipments and payments regardless of time zones. Simultaneous viewing and PowerTrack™ e-mail capabilities are also available to help resolve problems.
- Code P764 can create customized reports on PowerTrack™. The current NAVICP-OF reconciliation form is concise and easy to understand.
- PowerTrack™ has a reporting package with a wide range of options. Customers can retrieve and analyze shipping data, while the security program protects private data by limiting access. Both standard reports and reporting features help the international logistics control organizations and customers determine which carrier has the best on-time delivery record, which provides the best traffic within a specific region, and which delivers the most cost-effective service.

Economic Advantages of PowerTrack™

- Reduced claims for lost supply discrepancy report materiel being returned to the U.S. Nearly \$6,000 worth of Navy foreign military sales supply discrepancy report materiel is lost in returned shipments and written-off for customer credit every month. PowerTrack contract carriers handle the material door-to-door.
- Carriers receive payment as early as 24 hours after delivery, and the ILCO gets one consolidated electronic monthly billing. PowerTrack eliminates daily reconciling of freight bills and invoices. Time and money are saved when the ILCO does not have to submit individual SF-1034s each time material is returned.
- Electronic transmittal of forms to DFAS-DE/I for payment. A single customized PowerTrack™ report and corresponding SF-1034s are sent to DFAS-DE/I monthly for payment. DFAS-DE/I then transmits funds electronically to U.S. Bank.
- No cost to the customer. U.S. Bank pays the contracted carrier. U.S. Bank withholds a 1-2 percent fee. There is no impact or transaction on the DD-645.

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- Returns to stock are more timely, thus reducing stock procurements, or overstock positions.

Conclusion

Not every U.S. government erroneous action or inaction gives rise to responsibility for supply discrepancy report compensation from U.S. government or foreign military sales fund, but when a customer has a legitimate discrepancy, the PowerTrack™ system helps expedite material returns, and hence the claims. This new option improves customer relations by simplifying supply discrepancy report material tracking. Service is faster, easier, and less expensive.

For Additional Information

International customers interested in having supply discrepancy report return shipments processed via PowerTrack™ should call their ILCO supply discrepancy report point of contact.

http://www.usbank.com/powertrack/features_2000.html
PowerTrack representatives, 1-800-417-1844.

About the Authors

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